



ALASKA RAILROAD CORPORATION
327 W. Ship Creek Avenue
Anchorage, AK 99501
Phone 907-265-2608
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THOMPSONL@AKRR.COM

**INVESTMENT CONSULTANT
SERVICES FOR PENSION,
401(k)/457, & HEALTH CARE
TRUST PLANS**

**REQUEST FOR PROPOSALS
16-34-205153**

SEPTEMBER 27, 2016

**ALASKA RAILROAD CORPORATION
327 WEST SHIP CREEK AVENUE
ANCHORAGE, ALASKA 99501**



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September 27, 2016

REQUEST FOR PROPOSALS

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Investment Consultant Services for Pension, 401(k)/457, and Health Care Trust Plans

Response Required: This page must be completed and returned to ensure receipt of future addenda or additional information. Please fax this form to (907) 265-2439. All addenda will be forwarded to the contact name and number listed below.

Firms that have not returned this cover sheet will not be informed of addenda and will only be alerted to addenda by checking with the ARRC procurement officer or by checking ARRC's internet site: www.akrr.com, select Suppliers and then Solicitations. Bidders must acknowledge the receipt of all issued addenda in their proposal/bid submittal.

Company _____

Address _____

Contact _____

Phone _____ Fax _____

Email _____



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REQUEST FOR PROPOSALS

16-34-205153

The Alaska Railroad Corporation (ARRC) is soliciting proposals from interested concerns for the following:

Investment Consultant Services for Pension, 401(k)/457, and Health Care Trust Plans

Sealed offers in **original and seven (7) copies** will be received until **3:00 pm local time, October 20, 2016**. The envelope used for the submittal of your offer shall be plainly marked with the following information:

1. Offeror's name.
2. Offer number 16-34-205153
3. Date and time scheduled for the receipt of offers.
4. Sealed Offer: Investment Consultant Services

The ARRC may award a contract resulting from this solicitation to the responsible offeror whose offer conforming to this solicitation will be most advantageous to the ARRC.

ARRC may reject any or all offers if such action is in the best interest of ARRC, and waives informalities and minor irregularities in offers received. ARRC may award a contract on the basis of initial offers without discussions. Therefore, each initial offer should contain the offeror's best terms from a cost or price and technical standpoint. Any contract resulting from this solicitation shall incorporate the Standard Terms and Conditions contained in this solicitation package.

This Request for Proposals is not to be construed as a commitment of any kind nor does it commit the ARRC to pay for any cost incurred in the submission of an offer or for any other cost incurred prior to the execution of a formal contract.

1. **ALASKA BIDDER PREFERENCE:** Award will be made to the lowest responsive and responsible bidder after an Alaska bidder preference of five percent (5%) has been applied. The preference will be given to a person who: (1) holds a current Alaska business license at the time designated in the invitation to bid for bid opening; (2) submits a bid for goods or services under the name on the Alaska business license; (3) has maintained a place of business within the state staffed by the bidder, or an employee of the bidder, for a period of six months immediately preceding the date of the bid; (4) is incorporated or qualified to do business under the laws of the state, is a sole proprietorship and the proprietor is a resident of the state, is a limited liability company

organized under AS 10.50 and all members are residents of the state, or is a partnership under AS 32.06 or AS 32.11 and all partners are residents of the state; and, (5) if a joint venture, is composed entirely of ventures that qualify under (1) - (4) of this subsection.

2. ALASKA VETERAN PREFERENCE: If a bidder qualifies for the Alaska bidder preference and is a qualifying entity as defined herein, they will be awarded an Alaska veteran preference of five percent (5%). The preference will be given to a (1) sole proprietorship owned by an Alaska veteran; (2) partnership under AS 32.06 or AS 32.11 if a majority of the partners are Alaska veterans; (3) limited liability company organized under AS 10.50 if a majority of the members are Alaska veterans; or (4) corporation that is wholly owned by individuals and a majority of the individuals are Alaska veterans, and may not exceed \$5,000. The bidder must also add value by actually performing, controlling, managing, and supervising the services provided, or for supplies, the bidder must have sold supplies of the general nature solicited to other state agencies, other governments, or the general public.

In order to receive the Alaska Bidder Preference and/or Alaskan Veteran Preference, the bid must also include a statement certifying that the bidder is eligible to receive said preferences. The application of preferences is for bid evaluation purposes only.



The Alaska Railroad is a member of Green Star (<http://www.greenstarinc.org/>). ARRC earned an initial Green Star Award in 1994 and a Green Star Air Quality Award in 2007. The Alaska Railroad considers Green Star membership to be a positive business attribute, and regards a Green Star award as a tangible sign of an organization's commitment to environmental stewardship and continual improvement within its operations.

Please direct all responses and/or questions concerning this Request for Proposals to Lee Thompson, Alaska Railroad Corporation, Supply Management, 327 Ship Creek Avenue, Anchorage, AK 99501, telephone number (907) 265-2608, fax number (907) 265-2439.

Sincerely,

C. Lee Thompson
C. Lee Thompson
Manager, Contract and Purchasing
Alaska Railroad Corporation

SOLICITATION INDEX

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ATTACHMENTS:

ARRC Pension Plan Investment Policy Statement

ARRC Represented & Non-Represented 401(k) Plans and 457 Deferred Compensation
Plan Investment Policy Statement

ARRC Health Care Trust Investment Policy Statement

SECTION A

Background Information

The Alaska Railroad Corporation (ARRC) is a public corporation of the State of Alaska. It is a full service (passengers and freight) railroad with a route that runs from Seward and Whittier at tidewater to interior Alaska just beyond Fairbanks. The corporation is headquartered in Anchorage. The Railroad employs approximately 750 employees at peak employment. The majority of employees are represented by five bargaining units, in addition there are approximately 175 non-represented employees. The Railroad bargains benefit matters with all five labor organizations. The benefit plans all have a December 31 year end.

ARRC's benefit plans are government plans. The Plans are administered by: (i) the 401(k) Tax Deferred Savings and Pension Plan Committee which is comprised of three management representatives and two labor representatives, and (ii) the Non-Represented Tax Deferred Savings, 457 and Health Care Plans Committee which is comprised of three management representatives. Legal services for the Plans are provided by Stoel Rives, LLP. Atéssa Benefits, Inc. provides third party administrative services for the Pension Plan. The Vanguard Group, Inc. provides bundled record keeping, trust and investment services for the 401(k) and 457 Plans.

Pension Plan

The Alaska Railroad Corporation Pension Plan covers all regular employees hired after the January 5, 1985 transfer of ownership of the Alaska Railroad from the federal government to the State of Alaska. Participation is mandatory and employees contribute 9% of their base salary or wages to the Plan. The ARRC's contribution is dependent on the results of annual actuarial valuations, which are currently performed by the firm Bartel Associates, LLC. Trustee of the Pension Plan assets is Wells Fargo Bank. The market value of the assets in the Pension Plan at September 1, 2016 was approximately \$158.5 million. The January 1, 2016 funded ratio, on a market value basis was 85.0%. At that time there were approximately 680 active participants, 358 inactive participants, and 219 retirees. Total contributions to the fund in 2016 will be approximately \$8.3 million. Assets of the Pension Plan are currently invested as follows:

Investment Manager	Asset Class	Target Allocation Range	September 1, 2016 Assets
American Beacon Flexible Bond	Fixed Income	21.0%-39.0%	\$10,012,481
Metropolitan West Total Return			\$ 9,866,208
Templeton Global Bond			\$ 7,836,033
Hotchkis & Wiley High Yield Bond			\$10,976,758
DFA Inflation-Protected Securities Portfolio Inst. Class Mutual Fund			\$ 7,598,439

Investment Manager	Asset Class	Target Allocation Range	September 1, 2016 Assets
Vanguard Institutional Index – Domestic Large Cap	Domestic Equity	32.0%-48.0%	\$15,587,892
MFS Blended Res US Core Equity CIT – Domestic Large Cap			\$15,548,503
JP Morgan Mid Cap Value			\$ 9,414,167
Vanguard Mid Cap Growth			\$ 9,360,031
Rothschild Small Cap			\$13,871,777
MFS International Equity	International Equity	10.0%-16.0%	\$21,153,215
PIMCO Commodities Real Return	Commodities	0.0%-4.0%	\$ 2,963,188
RREEF Fd of Amer REIT II	Real Estate	12.0%-18.0%	\$16,086,843
UBS-Trumbull Prop Fd			\$ 6,756,300

Health Care Trust

The Postretirement Health Care Trust was adopted in 2005 and funds the Corporation's share of liabilities incurred in providing health care coverage to certain employees, spouses and dependents following the employee's retirement. In 2014, the ARRC amended the Postretirement Health Care Trust and retitled it the Alaska Railroad Health Care Trust to fund a premium adjustment for certain active employees who enrolled in the "Blue Plan", a PPO Plan to help offset the significant increase in those employees' health insurance premiums. The market value of the assets in the Health Care Trust at September 1, 2016 was approximately \$49.6 million. The January 1, 2016 funded ratio on a market value basis was 319.7%. Trustee of the Health Care Trust assets is Wells Fargo Bank. The assets of the trust are invested slightly more conservatively than the Pension Plan. Assets of the Health Care Trust are currently invested as follows:

Investment Manager	Asset Class	Target Allocation Range	September 1, 2016 Assets
American Beacon Flexible Bond	Fixed Income	40.0%-60.0%	\$ 6,969,482
Metropolitan West Total Return			\$ 6,925,674
Templeton Global Bond			\$ 2,376,754
Hotchkis & Wiley High Yield Bond			\$ 4,738,857
DFA Inflation-Protected Securities Portfolio Inst. Class Mutual Fund			\$ 2,304,872

Investment Manager	Asset Class	Target Allocation Range	September 1, 2016 Assets
Vanguard Institutional Index – Domestic Large Cap	Domestic Equity	17.0%-31.0%	\$ 3,557,368
MFS Blended Res US Core Equity CIT – Domestic Large Cap			\$ 3,558,973
JP Morgan Mid Cap Value			\$ 1,160,228
Vanguard Mid Cap Growth			\$ 1,158,478
Rothschild Small Cap			\$ 4,361,422
MFS International Equity	International Equity	4.0%-8.0%	\$ 2,881,252
Vanguard Healthcare Mutual Fund	Specialty Equity - Healthcare	3.0%-7.0%	\$ 2,228,478
RREEF Fd of Amer REIT II	Real Estate	13.0%-18.0%	\$ 5,578,738
UBS-Trumbull Prop Fd			\$ 1,809,838

401(k) Tax Deferred Savings Plans

There are two 401(k) Plans, one for represented employees and one for non-represented employees. For many purposes, they are treated like one Plan but there are different participation criteria and different employer match provisions depending upon bargaining unit. The Plans were initially adopted in 1985. Participation in the 401(k) Plans is voluntary and open to all regular employees. As of July 1, 2016, the 401(k) Savings Plans had approximately \$83.5 million in assets. There are 25 investment options available to participants which include 19 Vanguard funds. Employees will contribute approximately \$3.7 million in 2016 and employer match contributions will be approximately \$760,000. Participant Plan allocations were invested as follows on June 30, 2016:

Fund	Asset Class	Asset Allocation %	June 30, 2016 Assets
Vanguard Prime Money Market Fund	Fixed Income	0.0%	\$ 8,298
Vanguard Retirement Savings Trust		13.6%	\$11,369,654
Vanguard Total Bond Market Index Fund Institutional Shares		13.5%	\$11,257,827
Templeton Global Bond Fund; Advisor Class		1.1%	\$ 917,452

Fund	Asset Class	Asset Allocation %	June 30, 2016 Assets
Vanguard Windsor II Fund Investor Shares		4.1%	\$ 3,458,193
Vanguard 500 Index Fund Investor Shares	Large Cap	17.2%	\$14,381,523
MFS Growth Fund; Class R5		3.9%	\$ 3,261,102
JP Morgan Mid Cap Value Fund; Institutional Class		0.9%	\$ 748,356
Vanguard Extended Market Index Fund Admiral Shares	Mid Cap	4.7%	\$ 3,949,116
Vanguard Mid Cap Growth Fund		0.2%	\$ 162,374
Victory Integrity Small Cap Value Fund; Class R6		3.2%	\$ 2,674,867
Loomis Sayles Small Cap Growth Fund; Institutional Class	Small Cap	2.2%	\$ 1,871,267
Vanguard Total International Stock Index Fund Admiral Shares		3.3%	\$ 2,724,302
American Funds EuroPacific Growth Fund; Class R5	International	4.2%	\$ 3,522,292
Vanguard Target Retirement Funds (combined) 2010-2060	Target Retirement	25.7%	\$21,487,655
Loan Fund		2.1%	\$ 1,786,380

457(b) Deferred Compensation Plan

The 457 Plan was established in September 2004 and is open only to non-represented employees. As of June 30, 2016, the Plan had approximately \$4.2 million in assets. Total contributions to the fund in 2016 will be approximately \$295,000. The same investment options are offered as in the 401(k) Plan.

SECTION B

Scope of Services

This scope of work is, but may not be limited to, the following:

Services

1. Perform quarterly investment performance reviews for the ARRC's defined benefit Pension Plan, the Health Care Trust, and defined contribution 401(k) and 457 Plans. Written reports will be provided to the Committees on a quarterly basis, no later than six weeks following the end of the quarter. Semi-annual presentations of the Investment Performance Reports will personally be presented to the Committee in Anchorage, Alaska. As a part of such review, Contractor should recommend fund retention, Watch List strategies, manager searches or other appropriate policies or actions by the Committees. Contractor should also provide updates on any relevant changes in investment management firm personnel, ownership, style or investment philosophy.

Investment Performance Reports should include summary information with graphical depictions which can be easily interpreted by lay Committee members, along with a glossary of relevant terms. Separate reports will be provided for the Pension Plan, the Health Care Trust, and the combined Defined Contribution Plans.

2. Monitor compliance with the Investment Policy Statements. Provide the Committees with an assessment of, and recommendations for, any changes needed to the Investment Policy Statements including recommendations on changes to benchmarks or universes used to measure and monitor Investment Manager performance. Proactively suggest improvements to the Plans' investment programs. Investment policies are reviewed annually.
3. Assist with calculations, cash flow projections and analyses, and provide investment information required for disclosure in the financial statements under GASB 68 and GASB 45, including detailed information on the long-term expected rate of return by investment type and the annual money-weighted rate of return for the Plans' investments. Ensure investment statements are provided to the Controller for determining the year-end asset values.
4. Provide miscellaneous investment advisory services to the Committees as may be required. This may include activities such as coordination with the Trustee and Investment Managers regarding rebalancing, as well as providing educational presentations to the Committee. Keep the Committees informed of current investment trends and issues and material changes in the regulatory environment. Provide proxy voting recommendations to the Committees and vote on the Committees' behalf if requested. Monitor fee schedules and recommend appropriate changes to the lowest cost asset classes available.
5. Acknowledge in writing that he/she is a fiduciary with respect to the Plan.

6. Conduct Investment Manager searches. Provide the Committees with a complete analysis of the alternatives and recommendations where appropriate.
7. Perform an Asset Allocation Study for the defined benefit Pension Plan, recommending the types and mix of asset classes that would maximize investment returns while minimizing risk. A separate Asset Allocation Study may be requested for the Health Care Trust. Provide advice and assistance regarding the implementation of investment policy and asset allocation strategies. Asset allocation studies are reviewed annually and typically updated every three years.
8. Provide transition management services in the event that a new investment manager(s) is selected to replace an existing manager or to implement a new asset allocation strategy. This includes risk management and cost management expertise.

It is anticipated that this contract will be in effect for two years with three optional one-year extensions.

SECTION C

PROPOSAL INFORMATION, CONDITIONS & INSTRUCTIONS

1. Pre-Submission Proposal Inquires

Proposers shall promptly notify ARRC of any ambiguity, inconsistency, conflict, or error which they may discover upon examination of the solicitation documents. Verbal inquiries regarding this RFP are not permitted. All inquiries must be made in writing and received at ARRC's offices prior to October 13, 2016 and the written inquiries must be submitted as follows:

Lee Thompson
Manager, Contracts & Purchasing
Alaska Railroad Corporation
327 W. Ship Creek Avenue, 2nd Floor
Anchorage, AK 99501
Fax 907-265-2439
Email: thompsonl@akrr.com

ARRC will respond to all or part of the written inquiries received through the issuance of a written Addendum to the RFP, if in the opinion of ARRC, such information is deemed necessary to submit proposals or if the lack of it would be prejudicial to other prospective proposers. Oral and all other non-written responses, interpretations and clarifications shall not be legally effective or binding. Any Proposer who attempts to use, or uses, any means or method other than those set forth above to communicate with ARRC or any director, officer, employee or agent thereof, regarding this RFP shall be subject to disqualification.

2. Proposal Submission Deadline

Sealed proposals must be received by ARRC no later than 3:00 p.m., local time, on October 20, 2016 at:

Alaska Railroad Corporation
Purchasing Department
327 W. Ship Creek Avenue, 2nd Floor

Anchorage, AK 99501

One (1) original and seven (7) copies of each proposal must be submitted. The sealed envelope or package used in submitting a proposal shall be clearly marked with the following information:

1. Proposer's Name
2. RFP number 16-34-205153
3. Date and Time Scheduled for Receipt of Proposals: October 20; 3:00pm
4. Sealed Proposal: Investment Consulting Services

Proposals received after the time and date set forth above shall be rejected. All proposals submitted in response to this solicitation must be signed by an individual with the legal authority to submit the offer on behalf of the company.

3. Proposal Open and Subject to Acceptance

All proposals shall remain open and subject to acceptance by ARRC for ninety (90) days after the deadline for proposal submission.

4. Proposal Opening

Proposals will be opened privately at ARRC's convenience on or after the proposal due date.

5. Reserved Rights

In addition to other rights in this RFP, ARRC reserves, holds and may exercise at its sole discretion, the following rights and options:

- (a) To supplement, amend, or otherwise modify or cancel this RFP with or without substitution of another RFP.
- (b) To issue additional or subsequent solicitations for proposals.
- (c) To conduct investigations of the Proposers and their proposals.
- (d) To clarify the information provided pursuant to this RFP.
- (e) To request additional evidence or documentation to support the information included in any proposal.
- (f) To reject any and all proposals, or parts thereof, and/or to waive any informality or informalities in any of the proposals or the proposal process for the RFP, if such rejection or waiver is deemed in the best interest of ARRC.
- (g) To award a contract or contracts resulting from this solicitation to the responsible Proposer whose proposal conforming to this solicitation will be most advantageous to ARRC.
- (h) To negotiate any rate/fee offered by a Proposer. ARRC shall have the sole right to make the final rate/fee offer during contract negotiations. If the selected Proposer does not accept ARRC's final offer, ARRC may, in its sole discretion, reject the proposal and start negotiations with the next highest ranked Proposer.
- (i) If an award is made and, prior to entering into a contract, subsequent information indicates that such award was not in the best interest of ARRC, ARRC may

rescind the award without prior notice to proposers and either award to another proposer or reject all proposals or cancel the RFP.

- (k) To terminate the contractor at any point in the evaluation process or after award if the approved personnel become unavailable, are switched off project by the firm, or the qualifications are generally found to be inadequate. All personnel reassignments to and from the project will be approved by ARRC.

6. Proposal Costs

Each Proposer shall be solely responsible for all costs and expenses associated with the preparation and/or submission of its proposal, and ARRC shall have no responsibility or liability whatsoever for any such costs and expenses. Neither ARRC nor any of its directors, officers, employees or authorized agents shall be liable for any claims or damages resulting from the solicitation or collection of proposals. By submitting a proposal, Proposer expressly waives (i) any claim(s) for such costs and expenses, and (ii) any other related claims or damages.

7. Taxes

Pursuant to AS 42.40.910, ARRC is exempt from all forms of state or local sales, property and other taxes. Accordingly, any Proposer who submits a proposal shall not include any such tax in any of its proposal prices or in any calculation thereof.

8. Proposal Format

Interested firms shall submit a proposal and seven (7) copies, containing a statement of qualifications and a concise narrative which addresses each award criterion. Proposals shall have a maximum of fifteen (15) pages, exclusive of resumes, the questionnaire, sample reports, index pages, and cover letter.

Important Instructions: To be considered responsive, Proposers must submit the Questionnaire in Section G. Pricing shall be submitted in a separate envelope labeled "Fee Schedule" (no copies required).

9. Capacity to Perform

Any Proposer considered for award as a result of this solicitation may be required to make assurance to the Contract Administrator concerning the Proposer's capacity and capability to perform. Previous contracts of a like nature, financial solvency, and other information may be requested of the considered Proposer. Failure to provide assurances requested in a timely manner may be cause for rejection of the Proposal.

10. Costs

Other direct costs (ODC) on contracts incurred shall be billed at cost. Any travel and travel related expenses shall be billed at cost with coach airfare only, no first class or business class. Lodging and meal expenses must be reasonable. ARRC will not pay for alcohol, valet parking or other expenses it considers to be exorbitant.

11. Purchase Obligation

ARRC and responding firms expressly acknowledge and agree that ARRC has made no

express or implied promises to expend any dollar amounts with respect to the services addressed by this RFP. By submitting a proposal in response to this RFP, each firm acknowledges and agrees that the provisions of this RFP, and/or any communication, statement, act or omission by representatives of ARRC (including consultants) in the selection process, shall not vest any right, privilege, or right of action in any Proposer.

12. Exceptions to Terms, Conditions and Specifications

Any contract resulting from this solicitation shall incorporate the General Terms and Conditions contained in this solicitation package. Each Proposer shall indicate all exceptions to terms, conditions, and specifications of this solicitation individually in its proposal. Exceptions received or placed after the proposal submission date will be considered as counter offers and as such will render the entire proposal non-responsive.

13. Public Information

All submitted proposals will be considered confidential until notice of intent to award is issued. After notice of intent to award is issued, all proposals will become public information.

14. Qualifications of Proposers

Proposers will be evaluated by ARRC based upon their experience in performing the services requested, financial stability, appropriate personnel, responsiveness, technical knowledge and general organization. ARRC reserves the right to take any actions it deems necessary to determine if Proposers have the ability to perform the services outlined in the Scope of Work in a satisfactory manner. Such actions will include an evaluation of the Proposer's qualifications and references prior to Contract Award. Proposers may be disqualified, and their Proposals rejected, for any reason deemed appropriate by ARRC including, but not limited to, the following:

- (a) Evidence of collusion between a Proposer and any other Proposer(s).
- (b) An unsatisfactory performance record on prior projects for ARRC, or any other organization.
- (c) The appearance of financial instability (in the opinion of ARRC) and/or evidence that Proposer may not be financially able to complete the work required by the Scope of Work in a satisfactory manner.
- (d) If Proposer has failed to complete one or more public contracts in the past.
- (e) If Proposer has been convicted of a crime arising from previous public contracts.
- (f) If Proposer is not authorized to perform work in the State of Alaska.

15. References

Provide a representative list of clients including addresses, contact names and phone numbers. In case of a business entity client, provide the name of an individual familiar with the nature of your services to the entity.

16. Clients

How many clients have begun using your firms' services in the past three years? How many clients have stopped using your firm's services in the past three years? Why?

17. Conflict of Interest

Disclose any information that may pose an actual conflict of interest in providing these services or give the appearance of a conflict of interest.

Please provide any other relevant information that may assist ARRC in the selection process.

18. Contract Period

The ARRC anticipates awarding a contract for a two year period with the possibility of three one-year extensions subject to acceptance by both parties.

Section D

MINIMUM QUALIFICATION REQUIREMENTS AND CERTIFICATION.

Respondents must satisfy each of the following minimum qualifications for this RFP in order to be given further consideration by the Committees. Failure to satisfy each of the requirements will result in the immediate rejection of the proposal. Failure to provide complete information will result in the rejection of the proposal.

Please circle “YES” or “NO” where indicated. If evidence is requested, please provide complete documentation.

1. Respondent is an investment adviser registered with the Securities and Exchange Commission under the Federal Investment Advisers Act of 1940. (Yes/No):_____ If yes, please provide Form ADV I and II.

2. Respondent and its proposed team have all authorizations, permits, licenses and certifications required by federal and state laws and regulations to perform the services specified in this RFP at the time Respondent submits a response to the RFP. (Yes/No):_____

3. Respondent agrees to provide the services as detailed in the Scope of Services section of this RFP and any other requirements as stated in this RFP. (Yes/No):_____

4. The primary/lead contact for the Committees’ account must have a minimum of ten (10) total years’ experience in the public/private defined benefit plan space, as of December 31, 2015. (Yes/No):_____ f yes, please provide evidence.

5. If retained, Respondent will, in conjunction with the Committees’ Staff, submit periodic written reports, on at least a quarterly basis, for the Committees’ review at its regularly scheduled meetings. All returns on investment shall be reported as net returns after payment of all fees, commissions, and any other compensation, in addition to any other reporting requested. (Yes/No):_____

IF RESPONDENT PROVIDED A “NO” RESPONSE TO ANY OF THE MINIMUM QUALIFICATION REQUIREMENTS ABOVE, RESPONDENT SHOULD NOT SUBMIT A PROPOSAL TO THE COMMITTEES.

PLEASE CERTIFY THE RESPONDENT’S SATISFACTION OF THE MINIMUM QUALIFICATIONS BY PROVIDING THE RESPONDENT’S AUTHORIZED SIGNATURE BELOW.

Authorized Signer Name: _____

Title: _____

Respondent Firm: _____

Signature: _____

Date: _____

SECTION D

PROPOSAL FORMAT AND CONTENT

Alaska Railroad Corporation (ARRC) is requesting proposals from interested firms qualified to perform the work described in the Scope of Services. This is intended to be an unbiased evaluation. ARRC reserves the right to determine that proposed services will meet ARRC requirements. ARRC reserves the right to withdraw this RFP, reject any and all proposals, advertise for new proposals, or accomplish the work by other means including issuing only some of the tasks defined in the Scope of Services above, that ARRC in its sole discretion, determines to be in its best interest. ARRC may request additional information from any firm to make a proposal responsive to this RFP or otherwise obtain clarification or additional information that ARRC, in its sole discretion, deems necessary to analyze and compare proposals.

Proposals must be complete as to the requested information.

Failure to follow this format in a proposal or failure to include complete information as requested will result in a lower score and may result in rejection of the proposal. At a minimum your proposal shall address the following in order to be considered responsive:

Experience and qualifications of the Firm.

Provide a brief summary of your firm's experience and qualifications as they apply to this RFP.

1. Describe the ownership structure of the firm, including any parent, affiliated companies or joint ventures. If any changes in ownership are being contemplated, please provide details.
2. Describe your firm, its history and size; its background as it relates to providing the advisory services and performance analysis described under "Scope of Work" in this RFP; the locations in which it operates and the number of employees, both total and at each location.
3. How are you organized to service your investment consulting accounts?
4. Describe your philosophy and methodology for developing investment policy objectives. Comment on your process for recommending modifications to investment guidelines and the frequency of such modifications.
5. Describe your philosophy and methodology for recommending asset allocation alternatives. Comment on your process for assisting in the implementation of changes in asset allocation and investment management.
6. Describe your philosophy as an investment consultant and advisor regarding separate accounts and securities lending.
7. What is your philosophy on risk management and liability driven assets/investing for pension plans such as ours which are still growing?
8. What types of investment performance comparisons do you typically use and what advantages do they offer?

9. Describe the experience you have and the processes you use in assisting clients with changing and deleting investment options and/or establishing watch-lists. Is there a different approach for participant-directed plans, such as 401(k) plans, vs. employer-directed?
10. Describe the data bases used for measurement purposes and your reporting system. Was your performance reporting software generated in-house or purchased? How frequently is it updated or enhanced?
11. Provide samples of the written reports your firm produces for your clients' investment performance reviews. Describe any unique features of your performance reports. Do you include charts comparing assets/liabilities? Do you allow for customization? If so, describe.
12. Are you able to commit to meeting our expectations regarding the timeliness of quarterly written reports?
13. Does your firm provide investment management services to any of its clients? If so, do you include your own funds for measurement purposes when you produce investment performance reviews? If so, explain further.
14. Does your firm provide cash management assistance? Advice and assistance on re-balancing? Proxy voting?
15. Describe your investment manager search process. Does it vary depending on asset category?
16. Describe the methodology used to rate investment managers. How do you keep current with changes in their personnel, investment policy, methods and strategies?
17. Describe your philosophy regarding your role as a Plan fiduciary. Describe what your relationship would be with the trustee, record keeper, legal staff.
18. Describe your Committee education processes. Does education have to be requested by the Committee or do you provide regular educational training? If yes, at what typical frequency?
19. Describe any training or educational resources you can provide or recommend to Railroad staff to learn and/or keep abreast of investment management concepts and practices.
20. Describe the continuing education requirements for your personnel.
21. Describe any circumstances not disclosed above under which you receive fees from investment managers.
22. Does your firm have a written code of conduct or a set of standards for professional behavior? If so, how are they monitored and enforced?
23. Are there any circumstances under which your firm, or any individual in your firm, receives compensation, finder's fees, or any other benefit from investment managers or third parties?

24. Are there any circumstances under which your firm, or any individual in your firm, pays compensation, fees, or any other benefit to investment managers or third parties? If yes, please describe in detail.
25. Please identify any relationships you or your key professionals may have with firms, individuals, or subsidiaries that could benefit from your firm providing services requested in this solicitation.
26. Please describe any inquiries or investigations of your firm or employees of your firm by a state or federal regulatory body or organization within the last ten years and whether the issue is resolved or not. Also describe any litigation involving your firm or employees of your firm within the last ten years.
27. Describe the broadest range of services you provide to your clients.
28. Describe how your firm delivers those services to your clients.
29. How does your firm evaluate the quality of its consulting services?
30. Provide a list of the Committee level educational topics your firm has presented in the last three years.

Personnel

1. Identify and describe the pertinent experience of the individual(s) who would be involved in the performance of this contract. Describe their roles. Include resumes and give the rationale for their involvement, e.g., primary contact, back-up, search, investment policy, asset allocation. Resumes should be concise and contain information specific to this RFP. Specifically address public vs. private sector experience, and experience with labor/management (not Taft-Hartley) committees.
2. Explain your firm's preference regarding client communications. State whether communication would flow through a single contact person. Describe your back-up communication procedures when personnel assigned to the fund are traveling or unavailable. Describe your standard and emergency communication procedures.
3. Describe the typical client load for your consultants. State how this would compare to the consultants assigned to our account.
4. Describe your firm's back-up procedures in the event any key personnel assigned to the account leave the firm.
5. Provide the curricula vitae of key person(s) in your firm who would actually be providing services, his/her location, and list the number of clients assigned to the person(s) named.
6. Do you have a succession plan in place for key staff?

Cost

1. For purposes of comparing responses to this Request for Proposal, cost shall be based on the fee for "Services" identified in Section B, Scope of Services. Please refer to Section F, Fee Schedule, to delineate fees, where applicable.
2. Your proposal should contain complete details on how your firm is to be paid for services provided. Please include a comprehensive rate sheet for services.
3. Describe any circumstances under which your firm receives fees or other compensation from investment managers.

Alaska Preference

Include a copy of your current Alaska Business License.

For the purposes of evaluating price, the proposed price of an offeror who qualifies as an Alaska Bidder shall be reduced by 5%. Offerors seeking an Alaska Bidders Preference must submit information with their proposals documenting that they meet each requirement stated in ARRC Revised Procurement Rule 1200.9(b).

Phase 2 - Oral Presentation

Following the rating and ranking of the written proposals, the ARRC may invite up to three (3) of the top-rated firms to make oral presentations to the Selection Committee. Invitees will be provided with an additional set of questions and will be asked to further expand on their firm's business strategies and servicing capabilities. The invited firms will compete on a level playing field, and the committee will establish a new ranking based on the presentations, from 1 to 3, with 1 being the highest rated score.

It is anticipated that a professional services contract will be negotiated, approved and executed by December 2016.

SECTION E

SELECTION PROCESS AND EVALUATION CRITERIA

The selection of a firm to perform the requested services will be made by an ARRC appointed committee which will evaluate the proposals in accordance with the evaluation criteria specified herein and establish a ranking. Proposals will be evaluated on the basis of advantages and disadvantages to ARRC using the criteria described in this Section.

ARRC reserves the right to select the top ranked firm based solely on the scoring of the written proposals and to enter directly into negotiations with said firm. However, at its sole discretion, ARRC may require the highest ranked firms to make an oral presentation to the Evaluation Committee. In this event, oral presentations will be scheduled at ARRC's Board Room located at 327 West Ship Creek Avenue, Anchorage, Alaska. The selected firms will have an opportunity to summarize the information provided in their written proposals, expand on their capabilities, experience and proposed approach and work plan and answer questions from the Selection Committee. It is important that the primary individuals servicing the contract are present for this presentation. Scores obtained in the initial phase will not carry over to the presentation phase. Upon completion of the oral presentations, the evaluation committee will review the material presented and determine a ranking order for the firms interviewed.

EVALUATION CRITERIA

Criterion	Weight
Experience and qualifications of the Firm.	35%
Personnel	35%
Cost	30%
Alaska Bidder Preference (ARRC Revised Procurement Rule 1200.9(b). less -5% Cost)	-5% Cost

Total Score

100

Contract Award

Once the Committee has established a ranking, ARRC will begin negotiations with the highest ranked firm. If an agreement cannot be reached on contract terms, negotiations will be terminated, and negotiations will be conducted with the next highest ranked firm, until an agreement is reached, or until ARRC exercises its right to cancel the solicitation.

**SECTION F
FEE SCHEDULE**

An Offeror's failure to provide the information requested in Section F, Fee Schedule, shall be reason to reject the proposal in its entirety. Cost will be calculated for the purposes of this proposal on the total annual fee for regular services.

Include your firm's hourly personnel rates, although they will not be used to calculate the cost. Include estimated travel costs on your rate sheet, although they will not be used to calculate the cost for ranking proposals.

Proposed Fees	ARRC Pension Plan	ARRC Healthcare Plan	ARRC Defined Contribution Plans	Total
Services*				
Asset Allocation Study			N/A	
Investment Manager Search (per search)**				
Implementation of Investment Manager Change (Transition Management)				
Other: Please specify				
Total				

*Includes quarterly reporting for each plan

** If the cost varies by type of search, please specify

Hourly Rates for Personnel.

Estimated travel costs for 2 trips per year to Anchorage, Alaska.

COMPANY NAME

SIGNATURE BY AND FOR THE BIDDER

COMPANY ADDRESS

PRINTED NAME OF ABOVE BIDDER

DATE OF BID

CONTACT PHONE NUMBER

CONTACT FAX NUMBER

SECTION G

QUESTIONNAIRE

(Revised 2-27-06)

Note: Failure to provide the information requested in this questionnaire may be cause for rejection of your bid or offer on the grounds of non-responsiveness and/or non-responsibility.

Solicitation Number _____

Business Name: _____

Street Address: _____

Mailing Address if Different: _____

City: _____ State: _____ Mailing Zip: _____

Telephone: _____ Fax: _____ E-Mail: _____

Date Firm Established: _____

How many years has the business been under the above name? _____

Previous business name(s)if any: _____

Federal Tax ID Number: _____

Business License Number: _____

Contractor License Number (For Construction): _____

Bid Acceptance Period _____ Days. (Bids providing less than thirty (30) calendar days for acceptance may be considered nonresponsive and may be rejected.)

Discount for prompt pay _____ % _____ days.

List any variations from or exceptions to the Terms, Conditions or Specifications of the Solicitation

Continued on the next page

List the three most recent contracts performed by your company where the commodity or service requested in this solicitation was the primary commodity or service supplied. Include the client's name, contract amount, the contract date, person to contact regarding performance, their telephone, facsimile number and e-mail.

Client's name, Contact person, Contact info. (telephone, fax, and email)	Description of Work and Contract Amount
<u>List any other business related experience:</u>	

Are you acting as a broker or the primary supplier in this transaction?

- Broker
- Primary Supplier

Business Information (Please check all that apply):

- The business is Individual
- The business is a Partnership
- The business is a Non-Profit
- The business is a Joint-Venture
- The business is a Corporation incorporated under the laws of the State of _____
- The business is full-time
- The business is part-time
- The business is not a certified Disadvantaged Business (DBE)
- Business is a certified DBE
- DBE was certified by State DOTPF
- DBE was certified by the Municipality of Anchorage
- Business is an 8(a)/WBE/MBE and is certified by SBA
- B business was certified by _____
- DBE Certification # is _____

Firms Annual Gross Receipts:

- <\$500,000
- \$500,000 - \$999,999
- \$1,000,000 - \$4,999,999
- \$5,000,000 - \$9,999,999
- \$10,000,000 - \$16,999,999
- >\$17,000,000

Completed by: _____ Title: _____

Signature: _____ Date: _____

SECTION H

GENERAL TERMS AND CONDITIONS (Professional Service Contracts) (Revised 3/4/08)

The following terms and conditions supersede the terms and conditions on the reverse side of ARRC's purchase order to the extent that they are inconsistent therewith and shall be deemed to have the same force and effect as though expressly stated in any such purchase order into which this document is incorporated.

1. Definitions.

"ARRC" shall mean the Alaska Railroad Corporation.

"Contractor" shall mean the person or entity entering into the contract to perform the work or services specified therein for ARRC.

"Contract" shall mean these General Terms and Conditions, the contract form to which they are annexed, and all other terms, conditions, schedules, appendices or other documents attached to the contract form or incorporated by reference therein.

"Services" shall mean any work, direction of work, technical information, technical consulting or other services, including but not limited to design services, analytical services, consulting services, construction management services, engineering services, quality assurance and other specialized services furnished by Contractor to ARRC under the contract.

2. Inspection and Reports. ARRC may inspect all of the Contractor's facilities and activities under this contract in accordance with the provisions of ARRC Procurement Rule 1600.9. The Contractor shall make progress and other reports in the manner and at the times ARRC reasonably requires.

3. Claims. Any claim by Contractor for additional compensation or equitable adjustment arising under this contract which is not disposed of by mutual agreement must be made by Contractor in accordance with the time limits and procedures specified in sections 1800.12 et seq. of ARRC's Procurement Rules, which by this reference are hereby incorporated herein.

4. Nondiscrimination.

4.1 The Contractor may not discriminate against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical or mental handicap, sex, marital status, change in marital status, pregnancy or parenthood when the reasonable demands of the positions do not require distinction on the basis of age, physical handicap, sex, marital status, changes in marital status, pregnancy, or parenthood. To the extent required by law, the Contractor shall take affirmative action to insure that the applicants are considered for employment and that employees are treated during employment without unlawful regard to their race, color, religion, national origin, ancestry, physical or mental handicap, age, sex, marital status, changes in marital status, pregnancy or parenthood. This action must include, but need not be limited to, the following: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training including apprenticeship. The Contractor shall post

in conspicuous places, available to employees and applicants for employment, notices setting out the provisions of this paragraph.

4.2 The Contractor shall cooperate fully with ARRC efforts which seek to deal with the problem of unlawful discrimination, and with all other ARRC efforts to guarantee fair employment practices under this contract, and promptly comply with all requests and directions from the State Commission for Human Rights or any of its officers or agents relating to prevention of discriminatory employment practices.

4.3 Full cooperation in Paragraph 4.2 includes, but is not limited to, being a witness in any proceeding involving questions of unlawful discrimination if that is requested by any official or agency of the State of Alaska; permitting employees of the Contractor to be witnesses or complainants in any proceeding involving questions of unlawful discrimination, if that is requested by any official or agency of the State of Alaska; participating in meetings; submitting periodic reports on the equal employment aspects of present and future employment; assisting inspection of the Contractor's facilities; and promptly complying with all State directives considered essential by any office or agency of the State of Alaska to insure compliance with all federal and state laws, regulations, and policies pertaining to the prevention of discriminatory employment practices.

4.4 Failure to perform under this section constitutes a material breach of the contract.

5. Cancellation/Termination.

5.1 ARRC may, for its sole convenience, cancel this contract in whole or in part, at any time by giving written notice of its intention to do so. In the event of such cancellation, Contractor shall be entitled to receive payment in accordance with the payment provisions of this contract for services rendered or charges incurred prior to the effective date of termination. Contractor shall not be paid for any work done after receipt of a notice of cancellation or for any costs incurred by Contractor's suppliers or subcontractors which Contractor could reasonably have avoided. In no event shall ARRC be liable for unabsorbed overhead or anticipatory profit on unperformed services.

5.2 In addition to ARRC's right to cancel this contract for its convenience, ARRC may, by written notice of default to Contractor, terminate the contract in whole or in part in the following circumstances:

(1) The Contractor refuses or fails to perform its obligations under the contract, or fails to make progress so as to significantly endanger timely completion or performance of the contract in accordance with its terms, and Contractor does not cure such default within a period of ten (10) days after receipt of written notice of default from ARRC or within such additional cure period as ARRC may authorize; or

(2) Reasonable grounds for insecurity arise with respect to Contractor's expected performance and Contractor fails to furnish adequate assurance of due performance (including assurance of performance in accordance with the time requirements of the contract) within ten (10) days after receipt of a written request by ARRC for adequate assurance; or

(3) Contractor becomes insolvent or makes an assignment for the benefit of creditors or commits an act of bankruptcy or files or has filed against it a petition in bankruptcy or reorganization proceedings.

5.3 Upon receipt of a notice of cancellation or termination, Contractor shall immediately discontinue all service and it shall immediately cause any of its suppliers or subcontractors to cease such work unless the notice directs otherwise and deliver immediately to ARRC all reports, plans, drawings, specifications, data, summaries or other material and information, whether completed or in process, accumulated by Contractor in performance of the contract. In the event of termination for default, Contractor shall not be entitled to receive any further payment until the work is finished. If the unpaid balance of the amount to be paid on this contract exceeds the expense of finishing the work, compensation for additional managerial and administrative services and such other costs and damages as ARRC may suffer as a result of Contractor's default, such excess shall be paid to Contractor. If such expense, compensation, costs and damages shall exceed such unpaid balance, Contractor shall be liable for and shall pay the differences to ARRC. The rights and remedies of ARRC provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law.

6. No Assignment or Delegation. The Contractor may not assign, subcontract or delegate this contract, or any part of it, or any right to any of the money to be paid under it, except with the prior written consent of ARRC. The hiring or use of outside services, subcontractors or consultants in connection with the work shall not be permitted without the prior written approval of ARRC. No such approval shall relieve Contractor from any of its obligations or liabilities under this contract.

7. Independent Contractor. The Contractor's relationship to ARRC in performing this contract is that of an independent contractor and nothing herein shall be construed as creating an employer/employee relationship, partnership, joint venture or other business group or concerted action. The personnel performing services under this contract shall at all times be under Contractor's exclusive direction and control and shall be employees of the Contractor, and not of ARRC.

8. Payment of Taxes. As a condition of performance of this contract, the Contractor shall pay all federal, state, and local taxes incurred by the Contractor and shall require their payment by any subcontractor or any other persons in the performance of this contract. Satisfactory performance of this paragraph is a condition precedent to payment by ARRC under this contract.

9. Ownership of Work Product. Except for items that have preexisting copyrights, all exhibits, drawings, plans, specifications, notes, reports, data, recommendations, artwork, memoranda and any other information prepared or furnished by Contractor to ARRC in the performance of this contract (collectively "Work Product") shall become the property of ARRC and may be used by ARRC for any other purpose without additional compensation to the Contractor. Contractor hereby grants ARRC an irrevocable, perpetual, royalty-free, fully assignable license (with full sublicense rights) to use all proprietary and confidential information and other intellectual property that may be incorporated into any of Contractor's Work Product for ARRC. Should ARRC elect to reuse said Work Product, ARRC shall indemnify, hold harmless and defend Contractor and its subcontractors against any damages or liabilities arising from said reuse. When Work Product produced by the Contractor and its Subcontractors under this Contract are reused by ARRC, the Contractor's and Subcontractor's signatures, professional seals, and dates shall be removed. If such Work Product requires professional signature and seal, it will be signed, sealed, and dated by the professional who is in direct supervisory control and responsible for the new project for which such Work Product is being reused.

Contractor hereby represents and warrants to and for the benefit of ARRC and its successors and assigns that no part of its work product for ARRC will infringe any patent rights or copyrights or utilize any proprietary, confidential or trade secret information or other intellectual property for which Contractor does not have the unqualified right to grant ARRC the license and sublicensing rights referred to above. Contractor shall defend, indemnify and hold harmless ARRC, its successors and assigns, and their respective representatives, agents and employees from and against, any and all claims, defenses, obligations and liabilities which they may have or acquire under or with respect to any patent, copyright, trade secret, proprietary or confidential information, or any other form of intellectual property that may be asserted by Contractor or any other person which arises out of, results from or is based upon the manufacture, use or sale by ARRC or any of its successors or assigns of any of Contractor's work product for ARRC. ARRC shall have the right to select its legal counsel and control its defense in any litigation resulting from any such claim.

10. Governing Law. This contract, and all questions concerning the capacity of the parties, execution, validity (or invalidity) and performance of this contract, shall be interpreted, construed and enforced in all respects in accordance with the laws of the State of Alaska.

11. Alaska Executive Branch Ethics Act Requirements. No officer or employee of the State of Alaska or of the ARRC and no director of the ARRC or legislator of the state shall be admitted to any share or part of this contract or to any benefit that may arise therefrom. Contractor shall exercise reasonable care and diligence to prevent any actions or conditions which could be a violation of Alaska Statute 39.52 et seq. Contractor shall not make or receive any payments, gifts, favors, entertainment, trips, secret commissions, or hidden gratuities for the purpose of securing preferential treatment or action from or to any party. This obligation will apply to the activities of Contractor's employees and agents in their relations with ARRC employees, their families, vendors, subcontractors, and third parties arising from this contract and in accomplishing work hereunder. Certain gratuities may be given or accepted if:

- (1) there is no violation of any law or generally accepted ethical standards;
- (2) the gratuity is given as a courtesy for a courtesy received and does not result in any preferential treatment or action;
- (3) the gratuity is of limited value (less than \$150) and could not be construed as a bribe, payoff or deal; and
- (4) public disclosure would not embarrass ARRC.

ARRC may cancel this contract without penalty or obligation in the event Contractor or its employees violate the provisions of this section.

12. Non-Disclosure of Confidential Information. Contractor acknowledges and agrees that for and during the entire term of this contract, any information, data, figures, projections, estimates, reports and the like received, obtained or generated by Contractor pursuant to the performance of this contract shall be considered and kept as the private, confidential and privileged records of ARRC and will not be divulged to any person, firm, corporation, regulatory agency or any other entity except upon the prior written consent of ARRC. Furthermore, upon termination of this contract, Contractor agrees that it will continue to treat as private, privileged and confidential any information, data, figures, projections, estimates, reports and the like

received, obtained or generated by Contractor during the term of the contract and will not release any such information to any person, firm, corporation, regulatory agency or any other entity, either by statement, deposition or as a witness except upon the express written authority of ARRC. ARRC shall be entitled to an injunction by any competent court to enjoin and restrain the unauthorized disclosure of such information.

Contractor's agreement of non-disclosure as specified in this section applies except to the extent required for (1) performance of services under this contract; (2) compliance with professional standards of conduct for preservation of the public safety, health, and welfare (so long as Contractor has given ARRC prior notice of the potential hazard and ARRC has had a reasonable opportunity to correct the hazard prior to disclosure); (3) compliance with a court order or subpoena directed against Contractor (so long as Contractor has given ARRC prior notice of such and ARRC has had an opportunity to contest the same in a court of law); or (4) Contractor's defense against claims arising from performance of services under this contract.

13. Covenant Against Contingent Fees. Contractor warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for Contractor, to solicit or secure this contract, and that it has not paid or agreed to pay any person, company, individual, or firm any commission, gift, percentage, fee, contingent upon or resulting from the award or making of this contract. For the breach or violation of this warranty, ARRC may terminate this contract without liability and, at its discretion, deduct from the contract price or otherwise recover the full amount of the commission, percentage, gift, or fee.

14. Standard of Performance. Contractor shall perform its services with care, skill and diligence in accordance with normally accepted industry standards and shall be responsible for the professional quality, technical accuracy, completeness, and coordination of all reports, designs, drawings, plans, information, specifications and other items and services furnished under this Contract. Contractor shall comply with all applicable federal, state and local laws and ordinances, codes, and regulations in performing its services. If any failure to meet the foregoing standard of performance appears within one (1) year after the services are accepted by ARRC, Contractor shall, at a minimum, re-perform the work at no cost to ARRC and shall reimburse ARRC for any additional costs that may be incurred by ARRC or any of its contractors or subcontractors as a result of such substandard work. If Contractor should fail to re-perform the work, or if ARRC determines that Contractor will be unable to correct substandard services before the time specified for completion of the project, if any, ARRC may correct such unsatisfactory work itself or by the use of third parties and charge Contractor for the costs thereof. The rights and remedies provided for in this section are in addition to any other remedies provided by law.

15. Warranty. In the event Contractor supplies equipment, goods, materials or other supplies in addition to services under this contract, Contractor warrants that said items: (a) shall be of good quality and free from all defects and deficiencies in workmanship, material and design; (b) shall be fit, suitable and operate successfully for their intended purpose; (c) shall be new; (d) shall be free from all liens, claims, demands, encumbrances and other defects in title; and (e) shall conform to the specifications, if any, stated in the contract. Contractor shall honor all guarantees and warranties offered by the manufacturer of the equipment, goods, materials or other supplies provided under this contract. The rights and remedies provided for in this section are in addition to any other remedies provided by law.

16. Indemnification. Contractor shall defend, indemnify and hold ARRC harmless from and against all claims and actions asserted by a third party (or parties) and related damages, losses

and expenses, including attorney's fees, arising out of or resulting from the services performed or neglected to be performed by Contractor or anyone acting under its direction or control or in its behalf in the course of its performance under this contract and caused by any error, omission or negligent act, provided that Contractor's aforesaid indemnity and hold harmless agreement shall not be applicable to any liability based upon the independent negligence of ARRC. If there is a claim of, or liability for, the joint negligent error or omission of the Contractor and the independent negligence of ARRC, the indemnification and hold harmless obligation shall be apportioned on a comparative fault basis. The term "independent negligence" is negligence other than ARRC's selection, administration, monitoring, or controlling contractor and in approving or accepting Contractor's work.

17. Insurance. Without limiting Contractor's indemnification, it is agreed that Contractor shall purchase at its own expense and maintain in force at all times during the performance of services under this contract the following policies of insurance. Where specific limits are shown, it is understood that they shall be the minimum acceptable limits. If the Contractor's policy contains higher limits, ARRC shall be entitled to coverage to the extent of such higher limits. Certificates of Insurance must be furnished to the ARRC contracting officer prior to beginning work and must provide for a 30-day prior notice of cancellation, non-renewal or material change. Failure to furnish satisfactory evidence of insurance or lapse of the policy is a material breach and grounds for termination of the Contractor's services.

17.1 Workers' Compensation Insurance: The Contractor shall provide and maintain, for all employees of the Contractor engaged in work under this contract, worker's compensation insurance as required by applicable law. The Contractor shall be responsible for worker's compensation insurance for any subcontractor who directly or indirectly provides services under this contract. This coverage must include statutory coverage for states in which employees are engaging in work and employer's liability protection not less than \$100,000 per person, \$100,000 per occurrence. Where applicable, coverage for all federal acts (i.e. U.S.L. & H. and Jones Acts) must also be included.

17.2 Comprehensive (Commercial) General Liability Insurance: With coverage limits not less than \$1,000,000 combined single limit per occurrence and annual aggregates where generally applicable and shall include premises-operations, independent contractors, products/completed operations, broad form property damage, blanket contractual and personal injury endorsements. Said policy shall name ARRC as an additional insured and contain a waiver of subrogation against ARRC and its employees.

17.3 Comprehensive Automobile Liability Insurance: Covering all owned, hired and non-owned vehicles with coverage limits not less than \$100,000 per person/\$300,000 per occurrence bodily injury and \$50,000 property damage. Said policy shall name ARRC as an additional insured and contain a waiver of subrogation against ARRC and its employees.

17.4 Professional Liability (E&O) Insurance: Covering all errors, omissions or negligent acts of the Contractor, its subcontractor or anyone directly or indirectly employed by them, made in the performance of this contract which result in financial loss to ARRC. Limits required are per the following schedule:

<u>Contract Amount</u>	<u>Minimum Required Limits</u>
Under \$100,000	\$ 500,000 per Occurrence/Annual Aggregate
\$100,000-\$499,999	\$1,000,000 per Occurrence/Annual Aggregate

\$500,000-\$999,999
Over \$1,000,000

\$2,000,000 per Occurrence/Annual Aggregate
Negotiable-Refer to Risk Management

18. ARRC's Rights Not Waived by Payment. No payment made by ARRC shall be considered as acceptance of satisfactory performance of Contractor's obligations under this contract. Nor shall any payment be construed as acceptance of substandard or defective work or as relieving Contractor from its full responsibility under the contract.

19. Nonwaiver. A party's failure or delay to insist upon strict performance of any of the provisions of this contract, to exercise any rights or remedies provided by this contract or by law, or to notify the other party of any breach of or default under this contract shall not release or relieve the breaching or defaulting party from any of its obligations or warranties under this contract and shall not be deemed a waiver of any right to insist upon strict performance of this contract or any of the rights or remedies as to any subject matter contained herein; nor shall any purported oral modification or rescission of this contract operate as a waiver of any of the provisions of this contract. The rights and remedies set forth in any provision of this Agreement are in addition to any other rights or remedies afforded the nonbreaching or nondefaulting party by any other provisions of this contract, or by law.

20. Savings Clause. If any one or more of the provisions contained in this contract shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this contract, but this contract shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

21. Headings. The headings of sections and paragraphs of this contract are for convenience of reference only and are not intended to restrict, affect, or be of any weight in the interpretation or construction of the provisions of such sections or paragraphs.

22. Forum Selection. The parties shall not commence or prosecute any suit, proceeding or claim to enforce the provisions of the contract, to recover damages for breach or default under the contract, or otherwise arising under or by reason of the contract, other than in the courts of the State of Alaska for the Third Judicial District at Anchorage. The parties hereby irrevocably consent to the jurisdiction of said courts.

23. Conflict of Interest. Contractor shall act to prevent any actions or conditions which could result in a conflict with ARRC's best interests. This obligation shall apply to the activities of Contractor's employees and agents in their relationships with ARRC's employees, their families, vendors, subcontractors and third parties accomplishing work under this contract.

24. Publicity. Contractor shall not release any information for publication or advertising purposes relative to this contract or to the material, equipment and/or services furnished under this contract without the prior written consent of the ARRC.

25. Audit. ARRC has the right to audit at reasonable times the accounts and books of the Contractor in accordance with the provisions of ARRC Procurement Rule 1600.10.

26. Internal Controls and Record Keeping. Contractor shall keep full and accurate records and accounts of all of its activities in connection with this contract, including, without limitation, reasonable substantiation of all expenses incurred and all property acquired hereunder.

27. Force Majeure. Neither ARRC nor Contractor shall be responsible for failure to perform the terms of this contract when performance is prevented by force majeure, provided that: (1) notice and reasonably detailed particulars are given to the other party and (2) the cause of such failure or omission is remedied so far as possible with reasonable dispatch. The term “force majeure” shall mean acts of God, earthquakes, fire, flood, war, civil disturbances, governmentally imposed rules, regulations or other causes whatsoever, whether similar or dissimilar to the causes herein enumerated, which is not within the reasonable control of either party and which through the exercise of due diligence, a party is unable to foresee or overcome. In no event shall force majeure include normal or reasonably foreseeable or reasonably avoidable operational delays.

28. Permits and Licenses. The Contractor shall, at its own expense, obtain all necessary permits, licenses, certifications and any other similar authorizations required or which may become required by the government of the United States or any state or by any political subdivision of the United States or of any state except where laws, rules or regulations expressly require the ARRC to obtain the same.

29. Environmental Protection. When performing all obligations under the contract, Contractor shall comply with all specific instructions of ARRC with regard to environmental concerns, regardless of whether such instructions are based upon specific law, regulation or order of any governmental authority.

30. Set Off. If ARRC has any claim against the Contractor related or unrelated to this contract, it may set off the amount of such claim against any amount due or becoming due under this contract.

31. Observance of Rules. The contractor’s personnel performing work or services hereunder on ARRC’s premises shall observe all fire prevention, security, and safety rules in force at the site of the work.

32. No Third-Party Beneficiary Rights. No provision of this contract shall in any way inure to the benefit of any third parties (including the public at large) so as to constitute any such person a third-party beneficiary of the contract or of any one or more of the terms hereof, or otherwise give rise to any cause of action in any person not a party hereto.

33. Entire Agreement. This contract represents the entire and integrated agreement between ARRC and the Contractor and supersedes all prior negotiations, representations, or agreements, either written or oral. This contract may be amended only by a written instrument signed by both ARRC and the Contractor.

34. Key Personnel Changes. Contractor shall secure prior written approval from ARRC for any changes of key personnel assigned to perform services under this contract. ARRC reserves the right to reject any of Contractor’s employees whose qualifications and/or experience in ARRC’s good faith and reasonable judgment do not meet the standards necessary for the performance of the services required under this contract.